

## LARGE RETAIL INSTITUTIONS

### OVERVIEW

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### EXAMINATION SCOPE

Institutions with More than One Assessment Area
<p>1. For institutions with more than one assessment area, select assessment areas for on-site examination. To select one or more assessment areas for an on-site examination, review prior performance evaluations, available community contact materials, reported lending data and demographic data on each assessment area and consider factors such as:</p> <ul style="list-style-type: none"> <li>Lending, investment, and service opportunities in the different assessment areas, both urban and rural</li> <li>Lending, investment, and service activity in the different assessment areas</li> <li>Length of time since the assessment area(s) was most recently reviewed on-site</li> <li>Existence of apparent anomalies in the reported HMDA or CRA data for any particular assessment area(s)</li> <li>Institution's prior CRA performance in different assessment areas</li> </ul>

**EXAMINATION  
SCOPE  
(cont'd)**

Number of other institutions in the assessment area(s) and the importance of the institution under examination in addressing credit needs in the different assessment area(s), particularly in areas with a limited number of financial service providers

Experience of examiners in the same or similar assessment area(s)

Comments from the public regarding the institution's CRA performance

<b>Interstate Institutions</b>
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|--|
| <p>2. For interstate institutions, a rating must be assigned for each state where the institution has a branch and for each multi-state MSA where the institution has branches in two or more of the states that comprise the multi-state MSA. Select one or more assessment areas in each state for examination using these procedures.</p> |
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**PERFORM-  
ANCE  
CONTEXT**

<b>Gather Performance Context Information</b>
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|---|
| <p>1. Review standardized worksheets and other agency information sources to obtain relevant demographic, economic, and loan data, to the extent available, on each assessment area under review. Compare the data to similar data for the MSA, county, or state to determine how any similarities or differences will help in evaluating lending, investment, and service opportunities and community and economic conditions in the assessment area(s). Also consider whether the area has housing costs that are particularly high given area median income.</p> |
| <p>2. Obtain for review the Consolidated Reports of Condition (Call Reports)/Thrift Financial Reports (TFRs), annual reports, supervisory reports, and prior CRA evaluations of the institution under examination to help understand the institution's ability and capacity, including any limitations imposed by size, financial condition, or statutory, regulatory, economic or other constraints, to respond to safe and sound opportunities in the assessment area(s) for lending, investing, or providing services.</p>                                       |
| <p>3. Consider any information the institution may provide on its local community and economy, its business strategy, its lending capacity or that otherwise assists in the evaluation of the institution.</p>  |

**PERFORM-  
ANCE  
CONTEXT  
(cont'd)**

- |    |   |
|----|---|
| 4. | Review community contact forms prepared by the regulatory agencies to obtain information that assists in the evaluation of the institution. Contact local community, governmental, or economic development representatives to update or supplement this information.  |
| 5. | Review the institution's public file and any comments received by the institution or the agency since the last CRA performance evaluation for information that assists in the evaluation of the institution.  |
| 6. | <p>By reviewing public evaluations and other financial data, determine whether any similarly situated institutions (in terms of size, financial condition, product offerings, and business strategy) serve the same or similar assessment area(s) and would provide relevant and accurate information for evaluating the institution's CRA performance. Consider, for example, whether the information could help identify:</p> <p style="padding-left: 40px;">Lending opportunities available in the institution's assessment area(s) that are compatible with the institution's business strategy and consistent with safe and sound banking practices</p> <p style="padding-left: 40px;">Constraints affecting the opportunities to make safe and sound loans and qualified investments compatible with the institution's business strategy in the assessment area(s)</p> <p style="padding-left: 40px;">Successful CRA-related product offerings or activities utilized by other lenders serving the same or similar assessment area(s)</p> |
| 7. | Document the performance context information gathered for use in evaluating the institution's performance.  |

**ASSESSMENT  
AREA**

- | <b>Evaluate Assessment Area(s)</b> |  |
|------------------------------------|--|
| 1.                                 | <p>Review the institution's stated assessment area(s) to ensure that it:</p> <p style="padding-left: 40px;">Consists of one or more MSAs or contiguous political subdivisions (i.e., counties, cities, or towns)</p>                     |
|                                    | <p>Includes the geographies where the institution has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated or purchased a substantial portion of its loans</p> |

**ASSESSMENT  
AREA (cont'd)**

Consists only of whole census tracts and block numbering areas

Consists of separate delineations for areas that extend substantially across CMSA or state boundaries unless the assessment area(s) is in a multi-state MSA

Does not reflect illegal discrimination

Does not arbitrarily exclude any low- or moderate-income area(s) taking into account the institution's size and financial condition

2. If the assessment area(s) does not coincide with the boundaries of an MSA or political subdivision(s), assess whether the adjustments to the boundaries were made because the assessment area(s) would otherwise be too large for the institution to reasonably serve, have an unusual configuration, or include significant geographic barriers.
3. If the assessment area(s) fails to comply with the applicable criteria described above, develop, based on discussions with management, a revised assessment area(s) that complies with the criteria. Use this assessment area(s) to evaluate the institution's performance, but do not otherwise consider this fact in arriving at the institution's rating.

**LENDING,  
INVESTMENT,  
AND SERVICE  
TESTS FOR  
LARGE  
RETAIL  
INSTITUTIONS****Lending Test****Lending Test**

1. Identify the institution's loans to be evaluated by reviewing:
 

The most recent HMDA and CRA Disclosure Statements, the interim HMDA LAR, and any interim CRA loan data collected by the institution and, for non-HMDA institutions, home mortgage lending activity

A sample of consumer loans if consumer lending represents a substantial majority of the institution's business so that an accurate conclusion concerning the institution's lending record could not be reached without a review of consumer loans

**TESTS FOR  
LARGE  
RETAIL  
INSTITUTIONS  
(cont'd)**

**Lending Test  
(cont'd)**

Any other information the institution chooses to provide, such as small business loans secured by non-farm residential real estate, home equity loans not reported for HMDA, unfunded commitments, any information on loans outstanding, and loan distribution analyses conducted by or for the institution, including any explanations for identified concerns or actions taken to address them

2. Test a sample of loan files to verify the accuracy of data collected and/or reported by the institution.

In addition, ensure that:

Affiliate loans reported by the institution are not also attributed to the lending record of another affiliate subject to CRA

This can be accomplished by requesting the institution to identify how loans are attributed and how it ensures that all the loans within a given lending category (for example, small business loans, home purchase loans, motor vehicle, credit card, home equity, other secured, and other unsecured loans) in a particular assessment area are reported for all of the institution's affiliates if the institution elects to count any affiliate loans.

Loans reported as community development loans (including those originated or purchased by consortia or third parties) meet the definition of community development loans

- Determine whether community development loans benefit the institution's assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s)
- Except for multi-family loans, ensure that community development loans have not also been reported by the institution or an affiliate as HMDA, small business or farm, or consumer loans
- Review records provided to the institution by consortia or third parties or affiliates to ensure that the amount of the institution's third party or consortia or affiliate lending does not account for more than the institution's percentage share (based on the level of its participation or investment) of the total loans originated by the consortia, third parties, or affiliates

**TESTS FOR  
LARGE  
RETAIL  
INSTITUTIONS  
(cont'd)**

**Lending Test  
(cont'd)**

All consumer loans in a particular loan category have been included when the institution collects and maintains the data for one or more loan categories and has elected to have the information evaluated

3. Identify the volume, both in dollars and number, of each type of loan being evaluated that the institution has made or purchased within its assessment area(s). Evaluate the institution's lending volume considering the institution's resources and business strategy and other information from the performance context, such as population, income, housing, and business data. Note whether the institution conducts certain lending activities in the institution and other activities in an affiliate in a way that could inappropriately influence an evaluation of borrower or geographic distribution.

4. Review any analyses prepared by or for and offered by the institution for insight into the reasonableness of the institution's geographic distribution of lending. Test the accuracy of the data and determine if the analyses are reasonable. If areas of low or no penetration were identified, review explanations and determine whether action was taken to address disparities, if appropriate.

5. Supplement with an independent analysis of geographic distribution as necessary. As applicable, determine the extent to which the institution is serving geographies in each income category and whether there are conspicuous gaps unexplained by the performance context.

Conclusions should recognize that institutions are not required to lend in every geography.

The analysis should consider:

(excluding affiliate lending) Number, dollar volume, and percentage of the institution's loans located within any of its assessment areas, as well as the number, dollar volume, and percentage of the institution's loans located outside any of its assessment areas

Number, dollar volume, and percentage of each type of loan in the institution's portfolio in each geography, and in each category of geography (low-, moderate-, middle-, and upper-income)

Number of geographies penetrated in each income category, as determined in the previous bullet above, and the total number of geographies in each income category within the assessment area(s)

**TESTS FOR  
LARGE  
RETAIL  
INSTITUTIONS  
(cont'd)**

**Lending Test  
(cont'd)**

Number and dollar volume of its home purchase, home refinancing, and home improvement loans, respectively in each geography compared to the number of one-to-four family owner-occupied units in each geography

Number and dollar volume of multi-family loans in each geography compared to the number of multi-family structures in each geography

Number and dollar volume of small business and farm loans in each geography compared to the number of small businesses/farms in each geography

Whether any gaps exist in lending activity for each income category, by identifying groups of contiguous geographies that have no loans or those with low penetration relative to the other geographies

6. If there are groups of contiguous geographies within the institution's assessment area(s) with abnormally low penetration, the examiner may determine if an analysis of the institution's performance compared to other lenders for home mortgage loans (using reported HMDA data) and for small businesses and small farm loans (using data provided by lenders subject to CRA) would provide an insight into the institution's lack of performance in those areas.

This analysis is not required, but may provide insight if:

Reported loan category is substantially related to the institution's business strategies

Area under analysis substantially overlaps the institution's assessment area(s)

Analysis includes a sufficient number and volume of transactions, and an adequate number of lenders with assessment area(s) substantially overlapping the institution's assessment area(s)

Assessment area data is free from anomalies that can cause distortions such as dominant lenders that are not subject to the CRA, a lender that dominates a part of an area used in calculating the overall lending, or there is an extraordinarily high level of performance, in the aggregate, by lenders in the institution's assessment area(s)

**TESTS FOR  
LARGE  
RETAIL  
INSTITUTIONS  
(cont'd)**

**Lending Test  
(cont'd)**

7. Using the analysis from Step 6, form a conclusion as to whether the institution's abnormally low penetration in certain areas should constitute a negative consideration under the geographic distribution performance criteria of the lending test by considering the:

Institution's share of reported loans made in low- and moderate-income geographies versus its share of reported loans made in middle- and upper-income geographies within the assessment area(s)

Number of lenders with assessment area(s) substantially overlapping the institution's assessment area(s)

Reasons for penetration of these areas by other lenders, if any, and the lack of penetration by the institution being examined developed through discussions with management and the community contact process

Institution's ability to serve the subject area in light of:

- The demographic characteristics, economic condition, credit opportunities and demand; and
- The institution's business strategy and its capacity and constraints

Degree to which penetration by the institution in the subject area in a different reported loan category compensates for the relative lack of penetration in the subject area

Degree to which penetration by the institution in other low- and moderate-income geographies within the assessment area(s) in reported loan categories compensates for the relative lack of penetration in the subject area

8. Review any analyses prepared by or for and offered by the institution for insight into the reasonableness of the institution's distribution of lending by borrower characteristics. Test the accuracy of the data and determine if the analyses are reasonable. If areas of low or no penetration were identified, review explanations and determine whether action was taken to address disparities, if appropriate.

9. Supplement with an independent analysis of the distribution of the institution's lending within the assessment area(s) by borrower characteristics as necessary and applicable.



**TESTS FOR  
LARGE  
RETAIL  
INSTITUTIONS  
(cont'd)**

**Lending Test  
(cont'd)**

Consider factors such as:

Number, dollar volume, and percentage of the institution's total home mortgage loans and consumer loans, if included in the evaluation, to low-, moderate-, middle-, and upper-income borrowers

Percentage of the institution's total home mortgage loans and consumer loans, if included in the evaluation, to low-, moderate-, middle-, and upper-income borrowers compared to the percentage of the population within the assessment area(s) who are low-, moderate-, middle-, and upper-income

Number and dollar volume of small loans originated to businesses or farms by loan size of less than \$100,000; at least \$100,000 but less than \$250,000; and at least \$250,000 but less than or equal to \$1,000,000

Number and amount of the small loans to businesses or farms that had annual revenues of less than \$1 million compared to the total reported number and amount of small loans to businesses or farms

If the institution adequately serves borrowers within the assessment area(s), whether the distribution of the institution's lending outside of the assessment area(s) based on borrower characteristics would enhance the assessment of the institution's overall performance

10. Review data on the number and amount of the institution's community development loans. Using information obtained in the performance context procedures, especially with regard to community credit needs and institutional capacity, evaluate the extent, innovativeness, and complexity of community development lending to determine:

Extent to which community development lending opportunities have been available to the institution

Responsiveness of the institution's community development lending

Extent of leadership the institution has demonstrated in community development lending

11. Evaluate whether the institution's performance under the lending test is enhanced by offering innovative loan products or products with more flexible terms to meet the credit needs of low- and moderate-income individuals or geographies.

**TESTS FOR  
LARGE  
RETAIL  
INSTITUTIONS  
(cont'd)**

**Lending Test  
(cont'd)**

Consider:

Degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or loans serve groups of creditworthy borrowers not previously served by the institution

Success of each product, including number and dollar volume of loans originated during the review period

12. Discuss with management the preliminary findings in this section.

13. Summarize your conclusions regarding the institution's lending performance under the following criteria:

Lending activity

Geographic distribution

Borrower characteristics

Community development lending

Use of innovative or flexible lending practices

14. Prepare comments for the public evaluation and the Compliance Report of Examination.

**Investment Test**

**Investment Test**

1. Identify qualified investments by reviewing the institution's investment portfolio, and at the institution's option, its affiliate's investment portfolio. As necessary, obtain a prospectus, or other information that describes the investment(s). This review should encompass qualified investments that were made since the previous examination (including those that have been sold or have matured) and may consider qualified investments made prior to the previous examination still outstanding. Also consider qualifying grants, donations, or in-kind contributions of property since the last examination that are for community development purposes.

**TESTS FOR  
LARGE  
RETAIL  
INSTITUTIONS  
(cont'd)**

**Investment Test  
(cont'd)**

2. Evaluate investment performance by determining:

Whether the investments benefit the institution's assessment area(s) or a broader statewide or regional geographic area that includes the institution's assessment area(s)

Whether the investments have been considered under the lending and service tests

Whether an affiliate's investments, if considered, have been claimed by another institution

The dollar volume of investments made to entities that are in or serve the assessment area(s), in relation to the institution's capacity and constraints, and assessment area(s) characteristics and needs

The use of any innovative or complex investments, in particular those that are not routinely provided by other investors

The degree to which investments serve low- and moderate-income areas or individuals and are responsive to available opportunities for qualified investments

3. Discuss with management the preliminary findings in this section.

4. Summarize conclusions about the institution's investment performance after considering:

The number and dollar amount of qualified investments

Innovativeness and complexity of qualified investments

Degree to which these types of investments are not routinely provided by other private investors

Responsiveness of qualified investments to available opportunities

5. Write comments for the public evaluation and the Compliance Report of Examination report.

**TESTS FOR  
LARGE  
RETAIL  
INSTITUTIONS  
(cont'd)**

**Service Test**

<b>Service Test – Retail Banking Services</b>	
1.	<p>Determine from information available in the institution's Public File:</p> <p>Distribution of the institution's branches among low-, moderate-, middle-, and upper-income geographies in the institution's assessment area(s)</p> <p>Banking services, including hours of operation and available loan and deposit products</p>
2.	<p>Obtain the institution's explanation for any material differences in the hours of operations of, or services available at, branches within low-, moderate-, middle-, and upper-income geographies in the institution's assessment area(s).</p>
3.	<p>Evaluate the institution's record of opening and closing branch offices since the previous compliance examination and information that could indicate whether changes have had a positive or negative effect, particularly on low- and moderate-income geographies or individuals.</p>
4.	<p>Evaluate the accessibility and use of alternative systems for delivering retail banking services, (for example, proprietary and non-proprietary ATMs, loan production offices (LPOs), banking by telephone or computer, and bank-at-work or by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals.</p>
5.	<p>Assess the quantity, quality and accessibility of the institution's service-delivery systems provided in low-, moderate-, middle-, and upper-income geographies. Consider the degree to which services are tailored to the convenience and needs of each geography (for example, extended business hours, including weekends, evenings or by appointment, providing bi-lingual services in specific geographies, etc.).</p>
<b>Service Test – Community Development Services</b>	
6.	<p>Identify the institution's community development services, including at the institution's option, services through affiliates, through discussions with management and a review of materials available from the public.</p>

**TESTS FOR  
LARGE  
RETAIL  
INSTITUTIONS  
(cont'd)**

**Service Test  
(cont'd)**

Determine whether the services:

Qualify under the definition of community development services

Benefit the assessment area(s) or a broader statewide or regional area encompassing the institution's assessment area(s)

If provided by affiliates of the institution, are not claimed by other affiliated institutions

7. Evaluate in light of information gathered through the performance context procedures:

Extent of community development services offered and used

Innovativeness, including whether they serve low- or moderate-income customers in new ways or serve groups of customers not previously served

Degree to which they serve low- or moderate-income areas or individuals and their responsiveness to available opportunities for community development services

8. Discuss with management the preliminary findings.

9. Summarize conclusions about the institution's system for delivering retail banking and community development services, considering:

Distribution of branches among low-, moderate-, middle-, and upper-income geographies

Institution's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals

Availability and effectiveness of alternative systems for delivering retail banking services

Extent to which the institution provides community development services

Innovativeness and responsiveness of community development services

Range and accessibility of services provided in low-, moderate-, middle-, and upper-income geographies

**TESTS FOR  
LARGE  
RETAIL  
INSTITUTIONS  
(cont'd)**

10. Write comments for the public evaluation and the Compliance Report of Examination.

**Service Test  
(cont'd)**

**RATINGS**

**Determine Ratings**

1. Group the analyses of the assessment areas examined by MSA and non-MSA areas within each state where the institution has branches. If an institution has branches in two or more states of a multi-state MSA, group the assessment areas that are in that MSA.
2. Summarize conclusions regarding the institution's performance in each MSA and non-MSA portion of each state in which an assessment area was examined using these procedures.  
  
If two or more assessment areas in the MSA or the non-MSA portion of a state was examined using these procedures, determine the relative significance of the institution's performance in each assessment area by considering:  
  
Significance of the institution's lending, qualified investments, and lending-related services in each compared to the institution's overall activities  
  
Lending, investment, and service opportunities in each  
  
Significance of the institution's lending, qualified investments, and lending-related services for each, particularly in light of the number of other institutions and the extent of their activities in each  
  
Demographic and economic conditions in each
3. For assessment areas in MSAs and non-MSA areas that were not examined using these procedures, consider facts and data related to the institution's lending, investment, and service activities to ensure that performance in those assessment areas is not inconsistent with the conclusions based on the assessment areas examined in Step 2, above.

**RATINGS  
(cont'd)**

4. To determine the relative significance of each MSA and non-MSA area to the institution's overall performance (institutions operating in one state) or state-wide or multi-state MSA performance (institutions operating in more than one state), consider:

Significance of the institution's lending, qualified investments, and lending-related services in each compared to the institution's overall activities

Lending, investment, and service opportunities in each

Significance of the institution's lending, qualified investments, and lending-related services for each, particularly in light of the number of other institutions and the extent of their activities in each

Demographic and economic conditions in each

5. Using the Component Test Ratings chart, below, assign component ratings that reflect the institution's lending, investment, and service performance. In the case of an institution with branches in just one state, one set of component ratings will be assigned to the institution. In the case of an institution with branches in two or more states and multi-state MSAs, component ratings will be assigned for each state or multi-state MSA reviewed.

<b>Component Test Ratings</b>	<b>Lending</b>	<b>Investment</b>	<b>Service</b>
Outstanding	12 points	6 points	6 points
High Satisfactory	9 points	4 points	4 points
Low Satisfactory	6 points	3 points	3 points
Needs to Improve	3 points	1 point	1 point
Substantial Noncompliance	0 points	0 points	0 points

**RATINGS  
(cont'd)**

6. Assign a preliminary composite rating for the institutions operating in only one state and a preliminary rating for each state or multi-state MSA reviewed for institutions operating in more than one state. In assigning the rating, sum the numerical values of the component test ratings for the lending, investment and service tests and refer to the chart, below. **However, no institution may receive an assigned rating of "Satisfactory" or higher unless it receives a rating of at least "Low Satisfactory" on the lending test.** In addition, an institution's assigned rating can be no more than three times the score on the lending test.

Composite Rating	
Outstanding	20 points or over
Satisfactory	11 through 19 points
Needs to Improve	5 through 10 points
Substantial Noncompliance	0 through 4 points

Outstanding	20 points or over
Satisfactory	11 through 19 points
Needs to Improve	5 through 10 points
Substantial Noncompliance	0 through 4 points

7. Consider an institution's past performance if the prior rating was "Needs to Improve". If the poor performance has continued, an institution could be considered for a "Substantial Noncompliance" rating.

8. For institutions with branches in more than one state or multi-state MSA, assign a preliminary overall rating. To determine the relative importance of each state and multistate MSA to the institution's overall rating, consider:

Significance of the institution's lending, qualified investments, and lending-related services in each compared to the institution's overall activities

Lending, investment, and service opportunities in each

Significance of the institution's lending, qualified investments, and lending-related services for each, particularly in light of the number of other institutions and the extent of their activities in each

Demographic and economic conditions in each

9. Review the results of the fair lending component of the compliance examination and determine whether the findings should lower the institution's preliminary overall CRA rating, or the preliminary CRA rating for a state or multi-state MSA.



**RATINGS  
(cont'd)**

If evidence of discrimination was uncovered, consider the following:

Nature and extent of the evidence

Policies and procedures that the institution has in place to prevent discriminatory or other illegal credit practices

Any corrective action the institution took or committed to take, particularly voluntary corrective action resulting from a self-assessment conducted prior to the examination

Other relevant information, such as the institution's past fair lending performance

10. Assign final overall rating to the institution and discuss conclusions with management.

11. Write comments for the public evaluation and examination report.

12. Prepare recommendations for supervisory strategy and matters that require attention for follow-up activities.

**PUBLIC FILE  
CHECKLIST****Review Public File**

1. There is no need to review each branch or each complete public file during every examination. In determining the extent to which the institution's public files will be reviewed, consider the institution's record of compliance with the public file requirements in previous examinations; its branching structure and changes to it since its last examination; complaints about the institution's compliance with the public file requirements, and any other relevant information.

2. In any review of the public file undertaken, determine, as needed, whether branches display an accurate public notice in their lobbies and the file(s) in the main office and in each state contains:

All written comments from the public relating to the institution's CRA performance and responses to them for the current and preceding two calendar years (except those that reflect adversely on the good name or reputation of any persons other than the institution)

**PUBLIC FILE  
CHECKLIST  
(cont'd)**

The institution's most recent CRA Public Performance Evaluation

A map of each assessment area showing its boundaries, and on the map or in a separate list, the geographies contained within the assessment area(s)

A list of the institution's branches, branches opened and closed during the current and each of the prior two calendar years, and their street addresses and geographies

A list of services (loan and deposit products and transaction fees generally offered, and hours of operation at the institution's branches), including a description of any material differences in the availability or cost of services between these locations

The institution's CRA disclosure statements for the prior two calendar years

A quarterly report of the institution's efforts to improve its record if it received a less than satisfactory rating during its most recent CRA examination

The HMDA Disclosure Statement for the prior two calendar years for the institution and for each non-depository affiliate the institution has elected to include in assessment of its CRA record, if applicable

If applicable, the number and amount of consumer loans made to the four income categories of borrowers and geographies (low, moderate, middle and upper), and the number and amount located inside and outside of the assessment area(s)

3. In any branch review undertaken, determine whether the branch provides the most recent public evaluation and a list of services generally available at its branches and a description of any material differences in availability or cost of services at the branch (or a list of services available at the branch).

### ***LENDING TEST MATRIX***

<b>CHARACTERISTIC</b>	<b>OUTSTANDING</b>	<b>HIGH SATISFACTORY</b>	<b>LOW SATISFACTORY</b>	<b>NEEDS TO IMPROVE</b>	<b>SUBSTANTIAL NON-COMPLIANCE</b>
Lending Activity	Lending levels reflect excellent responsiveness to assessment area credit needs.	Lending levels reflect good responsiveness to assessment area credit needs.	Lending levels reflect adequate responsiveness to assessment area credit needs.	Lending levels reflect poor responsiveness to assessment area credit needs.	Lending levels reflect very poor responsiveness to assessment area credit needs.
Assessment area(s) concentration.	A substantial majority of loans are made in the institution's assessment area(s).	A high percentage of loans are made in the institutions' assessments area(s).	An adequate percentage of loans are made in the institution's assessment area(s).	A small percentage of loans are made in the institution's assessments area(s).	A very small percentage of loans are made in the institutions assessment area(s).
Geographic distributions of loans.	The geographic distribution of loans reflects excellent penetration throughout the assessment area(s).	The geographic distribution of loans reflects good penetration throughout the assessment area(s).	The geographic distribution of loans reflects adequate penetration throughout the assessment area(s).	The geographic distribution of loans reflects poor penetration throughout the assessment area(s), particularly to low- or moderate-income geographies in the assessment area(s).	The geographic distribution of loans reflects very poor penetration throughout the assessment area(s), particularly to low- or moderate-income geographies in the assessment area(s).
Borrowers' profile	The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among retail customers of different income levels and business customers of different size.	The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size.	The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different size.	The distribution of borrowers reflects, given the product lines offered by the institution, poor penetration among retail customers of different income levels and business customers of different size.	The distribution of borrowers reflects, given the product lines offered by the institution, very poor penetration among retail customers of different income levels and business customers of different size.

CHARACTERISTIC	OUTSTANDING	HIGH SATISFACTORY	LOW SATISFACTORY	NEEDS TO IMPROVE	SUBSTANTIAL NON-COMPLIANCE
Responsiveness to credit needs of highly economically disadvantaged geographies and low-income persons, small business	The institution exhibits an excellent record of serving the credit needs of the most economically disadvantaged area(s) of its assessment area(s), low-income individuals, and/or very small businesses, consistent with safe and sound banking practices.	The institution exhibits a good record of serving the credit needs of the most economically disadvantaged area(s) of its assessment area(s), low-income individuals, and/or very small businesses, consistent with safe and sound banking practices.	The institution exhibits adequate record of serving the credit needs of the most economically disadvantaged area(s) of its assessment area(s), low-income individuals, and/or very small businesses, consistent with safe and sound banking practices.	The institution exhibits an poor record of serving the credit needs of the most economically disadvantaged area(s) of its assessment area(s), low-income individuals, and/or very small businesses, consistent with safe and sound banking practices.	The institution exhibits a very poor record of serving the credit needs of the most economically disadvantaged area of its assessment area(s), low-income individuals, and/or very small businesses, consistent with safe and sound banking practices.
Community development lending activities	The institution is a leader in making community development loans.	The institution has made a relatively high level of community development loans.	The institution has made an adequate level of community development loans.	The institution has made a low level of community development loans.	The institution has made few, if any, community development loans.
Product Innovation	The institution makes extensive use of innovative and/or flexible lending practices in order to serve assessment area credit needs.	The institution uses innovative and/or flexible lending practices in order to serve assessment area credit needs.	The institution makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs.	The institution makes little use of innovative and/or flexible lending practices in order to serve assessment area credit needs.	The institution makes no use of innovative and/or flexible lending practices in order to serve assessment area credit needs.

### ***SERVICE TEST MATRIX***

<b>CHARACTERISTIC</b>	<b>OUTSTANDING</b>	<b>HIGH SATISFACTORY</b>	<b>LOW SATISFACTORY</b>	<b>NEEDS TO IMPROVE</b>	<b>SUBSTANTIAL NON-COMPLIANCE</b>
Accessibility of Delivery systems	Delivery systems are readily accessible to all portions of the institution's assessment area(s).	Delivery systems are accessible to essentially all portions of the institution's assessment area(s).	Delivery systems are reasonably accessible to essentially all portions of the institutions assessment area(s).	Delivery systems are accessible to limited portions of the institution's assessment area(s).	Delivery systems are inaccessible to significant portions of the assessment area(s), particularly low- and moderate-income geographies and/or low- and moderate-income individuals.
Changes in Branch Locations	To the extent changes have been made, the institution's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate- income geographies and/or to low- and moderate-income individuals.	To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate- income geographies and/or to low- and moderate-income individuals.	To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.	To the extent changes have been made, the institution's record of opening and closing branches has adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.	To the extent changes have been made, the institution's opening and closing of branches has significantly adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
Reasonableness of business hours and services in meeting assessment area(s) needs	Services (including where appropriate, business hours) are tailored to the convenience and needs of the assessment area(s), particularly low- and moderate-income geographies and/or individuals.	Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area(s), particularly low- and moderate-income geographies and/or individuals.	Services (including, where appropriate, business hours) do not vary in a way that inconveniences portions of the assessment area(s), particularly low- and moderate-income geographies and/or individuals.	Services (including, where appropriate, business hours) vary in a way that inconveniences certain portions of the assessment area(s), particularly low- and moderate-income geographies and/or individuals.	Services (including, where appropriate, business hours) vary in a way that significantly inconveniences many portions of the assessment area(s), particularly low- and moderate-income geographies and/or individuals.
Community development services	The institution is a leader in providing community development services.	The institution provides a relatively high level of community development services.	The institution provides an adequate level of community development services.	The institution provides a limited level of community development services.	The institution provides few, if any, community development services.

### *INVESTMENT SERVICE TEST*

CHARACTERISTIC	OUTSTANDING	HIGH SATISFACTORY	LOW SATISFACTORY	NEEDS TO IMPROVE	SUBSTANTIAL NON-COMPLIANCE
Investment and Grant Activity	The institution has an excellent level of qualified community development investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors.	The institution has a significant level of qualified community development investment and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.	The institution has a adequate level of qualified community development investment and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.	The institution has a poor level of qualified community development investment and grants, but not in a leadership position, particularly those that are not routinely provided by private investors.	The institution has few, if any, qualified community development investments or grants, particularly those that are not routinely provided by private investors.
Responsiveness to Credit and Community Development Needs	The institution exhibits excellent responsiveness to credit and community economic development needs.	The institution exhibits good responsiveness to credit and community economic development needs.	The institution exhibits adequate responsiveness to credit and community economic development needs.	The institution exhibits poor responsiveness to credit and community economic development needs.	The institution exhibits very poor responsiveness to credit and community economic development needs.
Community Development Initiatives	The institution makes extensive use of innovative and/or complex investments to support community development initiatives.	The institution makes significant use of innovative and/or complex investments to support community development initiatives.	The institution occasionally uses innovative and/or complex investments to support community development initiatives.	The institution rarely uses innovative and/or complex investments to support community development initiatives.	The institution does not use innovative and/or complex investments to support community development initiatives.



**FDIC LAW,  
REGULATIONS  
, & RELATED  
ACTS**

**Applicable Rules**

See the Reference area for the Introduction section, Community Reinvestment, at the beginning of Part IV of this manual.

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**Advisory  
Opinions**

See the Reference area for the Introduction section, Community Reinvestment, at the beginning of Part IV of this manual.

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**Statements of  
Policy**

See the Reference area for the Introduction section, Community Reinvestment, at the beginning of Part IV of this manual.

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**DCA  
MEMORANDA**

See the Reference area for the Introduction section, Community Reinvestment, at the beginning of Part IV of this manual.

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**FINANCIAL  
INSTITUTION  
LETTERS (FIL)**

See the Reference area for the Introduction section, Community Reinvestment, at the beginning of Part IV of this manual.

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